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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/777,586	02/12/2004	Roger Howard Williams III	U 015456-6	4935
140	7590	10/31/2007		
LADAS & PARRY 26 WEST 61ST STREET NEW YORK, NY 10023			EXAMINER SUBRAMANIAN, NARAYANSWAMY	
			ART UNIT	PAPER NUMBER
			3691	
			MAIL DATE	DELIVERY MODE
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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

# Office Action Summary

Application No.

10/777,586

Applicant(s)

WILLIAMS, ROGER HOWARD

Examiner

Narayanswamy Subramanian

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 10 October 2007.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 105 and 107-109 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 105 and 107-109 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

### **DETAILED ACTION**

1. This office action is in response to applicant's communication of October 10, 2007.

Cancellation of claim 52 and amendments to claims 105 and 107-109 have been entered. Claims 105 and 107-109 are pending in the application and have been examined. The rejections and response to arguments are stated below.

#### ***Claim Rejections - 35 USC § 112***

2. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

3. Claims 105 and 107-109 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Independent claims 105 and 108 recite the limitations of "an agreement by the debtor and the creditor upon the principal size and the interest rate chosen from any possible combination or permutation of principal size and interest rate" which makes the scope of the claims unclear. These claims also recite the limitation "any options in the subject market, unconstrained by time, are made explicit, priced". It is not clear if how the options are related to the interest bearing instrument. Are these the options on the interest bearing instrument or are these options on some other underlying instrument? These claims also recite in the preamble "computer-based system/method for issuing an interest-bearing instrument in a subject market". It is not clear in which step of the claim the objective of issuing the interest-bearing instrument is achieved. Also it is not clear which of the steps of the claim are performed by the computer. These ambiguities in these claims make the scope of the claim unclear. Claims 107 and 109 are rejected by

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dependency on the rejected independent claims.

Claims 107 and 109 recite the limitation “pricing and capturing the value of the debtor or the creditor’s regulatory capital savings is done using the following equation”. It is not clear how the pricing and value of the debtor or the creditor’s regulatory capital savings (RCS) is related to an interest-bearing instrument in a subject market. In other words the relationship between RCS and the process of issuing is not clear. Is RCS related to the value of the interest-bearing instrument? Hence it is not clear how the limitations of these claims further limit the independent claims they are dependent. Appropriate clarification/correction is required.

***Claim Rejections - 35 USC § 101***

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 105 and 107-109 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 105 and 107-109 are rejected under 35 U.S.C. § 101 for failing to produce useful, concrete and tangible result. Claims 50, 105 and 108 recite the steps of providing three different clauses that doesn't ensure anything real world, so it lacks tangibility. The steps of providing a clause do not require a response. Arguably this is not useful, as merely providing a clause doesn't yield anything specific and substantial.

The Court of Appeals for the Federal Circuit issued opinions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999). These decisions explained that, to be eligible for patent protection, the claimed invention as a whole must accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” *State Street*, 149 F.3d at 1373-74, 47 USPQ2d at 1601 02. To satisfy section 101 requirements, the claim must be for a practical application of the § 101 judicial exception, which can be identified in various ways: (a) The claimed invention “transforms” an article or physical object to a different state or thing. (b) The claimed invention otherwise produces a useful, concrete and tangible result, based on the factors discussed below.

The USPTO’s official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) credible. See MPEP § 2107.

The tangible requirement does require that the claim must recite more than a § 101 judicial exception, in that the process claim must set forth a practical application of that § 101 judicial exception to produce a real-world result. Benson, 409 U.S. at 71-72, 175 USPQ at 676-77 (invention ineligible because had “no substantial practical application”). The claims do not meet this requirement.

For an invention to produce a “concrete” result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is “irreproducible” claim should be rejected under section 101). The opposite of “concrete” is unrepeatable or unpredictable. The limitation of “any

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possible combination or permutation of principal size and interest rate” does not produce anything concrete. Similarly an agreement between a debtor and a creditor, providing that the instrument's extension risk and credit risk be completely subject to the creditor's and debtor's control and providing that any options in the subject market are made explicit, priced, and used to correlatively adjust the principal size, interest rate, and payment timing of the underlying obligation do not produce anything concrete.

There is no useful, concrete and tangible result produced from implementing the steps of the claimed invention. Claims 107 and 109 are rejected for the same reason and by way of dependency on a rejected independent claim.

Claims 105 and 107 of the disclosed invention is inoperative and therefore lacks utility.

Claims 105 and 107 merely recite elements of an apparatus or a system (“means for” corresponds to software program elements and not tangible hardware components) without showing any ability to realize functionality of the recited elements (i.e. functional descriptive material per se) and therefore is rendered inoperative lacking any utility. The means for providing, pricing and capturing value are interpreted as software. Note that a computer (or software program) code cannot by itself perform the underlying function until it is loaded on some computer readable memory and accessed by the computer (or a processor).

Functional descriptive material, per se, is not statutory. This is exemplified in *In re Warmerdam* 31 USPQ2d 1754, where the rejection of a claim to a disembodied data structure was affirmed. Thus a claim to a data structure, per se, or other functional descriptive material, including computer programs, per se, is not patent eligible subject matter.

#### ***Response to Arguments***

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6. Amending the independent claims 1 to recite computer-based system/method for issuing an interest-bearing instrument in a subject market does not overcome the useful, tangible and concrete result requirement under 35 USC 101. Computerizing a process that is not statutory does not make the resulting process statutory. As discussed in the 101 rejection above using a computer system to structure an agreement between two parties does not produce any useful, tangible and concrete result.

In response to applicant's assertion "Applicant hereby certifies his intention, with the means-plus-function language in computer-based system claims 105 and 107, to invoke 35 U.S.C. § 112 ¶ 6", the examiner would like to respectfully point out that the requirements for 35 U.S.C. § 112, sixth paragraph, have not been met. According to the MPEP, a claim limitation will be presumed to invoke 35 U.S.C. 112, sixth paragraph, if it meets the following 3-prong analysis: (A) the claim limitations must use the phrase "means for" or "step for"; (B) the "means for" or "step for" must be modified by functional language; and (C) the phrase "means for" or "step for" must not be modified by sufficient structure, material, or acts for achieving the specified function. In this case, the "means for" has been modified by sufficient structure, material, or acts for achieving the specified function.

Applicant's other arguments with respect to pending claims have been considered but are not persuasive.

### ***Conclusion***

7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to

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7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Alexander Kalinowski can be reached at (571) 272-6771. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).



Dr. N. Subramanian  
Primary Examiner  
Art Unit 3691

October 24, 2007